

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 97-975

April 30, 1998

NORTHERN UTILITIES, INC.,
Application for Approval
of an Affiliated Interest
Contract

ORDER APPROVING
AFFILIATED INTEREST

WELCH, Chairman; NUGENT and HUNT, Commissioners

I. SUMMARY

Northern Utilities, Inc. (Northern or the Company) is requesting Commission approval of an affiliated interest agreement between itself and EnergyUSA, a wholly owned subsidiary of Granite State Gas Transmission, Inc. which is a sister company to Northern. We will approve the affiliated agreement.

II. BACKGROUND

On December 29, 1997, the Company filed with the Commission an application for approval of an affiliated agreement with EnergyUSA entitled Contract for Repair and Maintenance of Propane Equipment. Prior to this (in November 1997), Northern made a dividend payment, in kind, to its parent, Bay State Gas Company of its unregulated retail propane business. Bay State transferred this business to its affiliate, EnergyUSA, which is also an affiliate of Northern. The agreement between Northern and EnergyUSA is for technician services from Northern that may be required to serve EnergyUSA's propane customers. The agreement calls for a flat rate fee of \$110 for any and all requests for service by a propane customer. The contract term is for one year from December 22, 1997, and renewable for successive periods of one year subject to termination by either party on 30 days prior written notice.

III. ANALYSIS AND DECISION

In weighing our decision, we are required under 35-A M.R.S.A. § 707 to determine that an affiliated transaction is not adverse to the public interest. In this regard, we also consider the principles contained in Chapter 820, Utility Requirements for Non-Core Activities and Transactions Between Affiliates.¹

¹ The Commission adopted this rule and referred it to the Legislature for approval as a Major Substantive Rule on February 18, 1998. The Legislature enacted the rule on March 30, 1998.

This affiliated agreement, between Northern and EnergyUSA, represents a non-core service of Northern. The Company claims it is a de minimus service and it will treat all revenues and expenses below-the-line. All business will be tendered to Northern by EnergyUSA and, as such, EnergyUSA will market the new service using its own name. The Company also states that it will allocate all costs in accordance with the terms contained in Chapter 820. All of the above complies with Chapter 820.

Having reviewed the agreement between Northern Utilities, Inc. and EnergyUSA, together with data filed in its support, we find that the agreement is not adverse to the public interest and complies with the principles contained in Chapter 820. Therefore, we approve it. In accordance with 35-A M.R.S.A. § 707(3)(D), our approval of this affiliated agreement, does not limit or restrict the powers of the Commission in determining and fixing any rate.

Accordingly, we

O R D E R

1. That the Contract for Repair and Maintenance of Propane Equipment dated December 22, 1997 between Northern Utilities, Inc. and its affiliate EnergyUSA is approved subject to compliance with Chapter 820 of the Commission's rules.

Dated at Augusta, Maine, this 30th day of April, 1998.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Nugent

COMMISSIONER HUNT DID NOT PARTICIPATE IN THIS DECISION
